

**PUBLIC UTILITY DISTRICT No. 1
of Whatcom County**

Agenda for the Regular Meeting of April 22, 2025
8:15 a.m. at the PUD Office
(Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda (2 minutes)
3. Consent Agenda (5 minutes)
 - a) Approval of the Minutes of the Regular Meeting of April 08, 2025
 - b) Approval of Claims for April 22, 2025
4. Public Comment (10 minutes – Individual speakers: 3 minutes)
5. General Manager Report (20 minutes)
6. Operations Report (10 minutes)
7. Old Business (30 minutes)
 - a) Broadband Update
 - b) Adjudication Update
 - c) Geothermal Update
 - d) Strategic Plan Update
8. New Business (30 minutes)
 - a) Report 1: Plant 1 Rebuild
 - b) Action 1: Accept the District's 2024 Annual Financial Report and Authorize the Submittal to the State Auditor's Office.
 - c) Approve the Purchase Contract with Oxy Corp, authorize the General Manager to execute said Contract, and authorize the issuance of the earnest money provided for in the Purchase Contract, conditioned on:
 - A) Legal Counsel final approval of the Legal Description of the Property being acquired to include the 20' easement connecting the buffer tract with Northgate Way.
 - d) Resolution 1: Resolution by The Board of Commissioners of Public Utility District No.1 of Whatcom County (District) Correcting and Superseding Resolution No. 872
9. Commissioner Reports (10 minutes)
 - a) Upcoming Per Diem Requests
Commissioner Arnett: None as of publication
Commissioner Ury: None as of publication
Commissioner Deshmane: None as of publication
10. Public Comment (10 minutes– Individual speakers: 3 minutes)
11. Executive Session: None as of publication
12. Adjourn (Estimated 10:20 AM)

Notice:

All Commissioners will participate either via Zoom/internet or teleconference.

The public meeting can be accessed;

By internet: <https://us02web.zoom.us/j/84994281998>

NOTE: IF ATTENDING VIA ZOOM WE WOULD APPRECIATE YOUR FULL NAME FOR THE COMMISSION RECORD THOUGH IT IS NOT REQUIRED

Or telephone: Dial 1 (253) 215 8782 or 1 (253) 205 0468
Webinar ID: 849 9428 1998

Next Commission Meetings

May 13 and May 27, 2025 |8:15 a.m.| Regular Meetings

Meetings to be held at the District Office

1705 Trigg Road, Ferndale, WA 98248

or other location announced

Contact: Chris Heimgartner, General Manager (360) 384-4288 x 119

info@pudwhatcom.org

www.pudwhatcom.org

**Public Utility District No. 1 of Whatcom County
Commission Meeting Attendance Sheet**

Date of Meeting: 4-8-2025 Platform: Hybrid In Person Zoom

Start Time: 8:15 AM Adjourn: _____

Adjourn to Executive Session _____ if applicable

In Attendance:
Initial Please:

- Atul Deshmane, Commissioner
- Jaime Arnett, Commissioner
- Eddy Ury, Commissioner
- Jon Sitkin/Peter Ruffatto, Legal Counsel
- Chris Heimgartner, General Manager
- Aaron Peterson, IT/SCADA Technician
- Andrew Entrikin, Director - Broadband and New Power Supply
- Annette Smith, Finance Director
- Brian Walters, Assistant General Manager
- Devin Crabtree, Chief Water Operator
- Garrett Love-Smith, Engineering Manager
- Jacob Wittmer, Automation Technician
- Jon Littlefield, Electric System Supervisor
- Joe McKenna, Clerk of the Board / Records **Project Manager**
- Joseph Shay, Clerk of the Board / Records
- Kurt Wank, Assistant General Manager
- Lisa Moeller, Director - HR & Communications
- Mike Macomber, IT/SCADA Technician
- Paul Siegmund, Automation & Technology Manager
- Rebecca Schlotterback, Contracts & Regulatory Compliance Manager
- Stephanie Hooper, Accountant I

Also in Attendance:

Name/Organization	Name/Organization
<u>Jodd Lugesteel</u>	<u>Citizen</u>
<u>Robin Deter</u>	<u>Citizen</u>
<u>Tyler McDevitt</u>	<u>Citizen</u>

Name (original name)	Email	Join time	Leave time	Duration (1 Guest	Recording	In waiting room
Mike M. Whatcom PUD - IT	mikemacomber@	4/8/2025 8:04	4/8/2025 9:49	105 No	OK	No
Joseph Shay	josephshay@pud	4/8/2025 8:04	4/8/2025 9:49	105 No	No Respon	No
Stephanie Hooper	stephaniehooper@	4/8/2025 8:04	4/8/2025 9:49	105 No	No Respon	No
Michael		4/8/2025 8:05	4/8/2025 9:49	105 Yes	No Respon	No
Whatcom PUD		4/8/2025 8:05	4/8/2025 8:06	1 Yes	No Respon	No
Whatcom PUD		4/8/2025 8:06	4/8/2025 9:49	104 Yes	No Respon	No
garrettl		4/8/2025 8:08	4/8/2025 8:47	40 Yes	No Respon	No
Atul Deshmane	atuldeshmane@p	4/8/2025 8:10	4/8/2025 9:49	99 Yes	No Respon	No
Annette Smith	annettesmith@pu	4/8/2025 8:10	4/8/2025 9:49	99 No	No Respon	No
Dave Olson		4/8/2025 8:11	4/8/2025 9:49	98 Yes	No Respon	No
Rebecca Schlotterback	rebeccas@pudwl	4/8/2025 8:11	4/8/2025 9:49	98 No	No Respon	No
Aaron Peterson	aaronpeterson@f	4/8/2025 8:13	4/8/2025 9:49	97 No	OK	No
Tyler McDevitt		4/8/2025 8:16	4/8/2025 9:49	93 Yes	No Respon	No
Jon Littlefield		4/8/2025 8:50	4/8/2025 9:44	54 Yes	No Respon	No
Lisa Moeller	lisamoeller@pud	4/8/2025 9:36	4/8/2025 9:49	13 No	No Respon	No

**MINUTES OF THE REGULAR
MEETING OF THE COMMISSION
April 8, 2025**

1. Call to Order | Pledge of Allegiance

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:15 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law.

Those present at the meeting included:

COMMISSION AND STAFF

Atul Deshmane	Commissioner
Jaime Arnett	Commissioner
Eddy Ury	Commissioner
Jon Sitkin	General Counsel, CSD Attorneys at Law
Aaron Peterson	IT/SCADA Technician
Andrew Entrikin	Director – Broadband and New Power Supply
Annette Smith	Director of Finance
Garrett Love-Smith	Engineering Manager
Jon Littlefield	Electrical Systems Supervisor
Joe McKenna	Project Manager
Joseph Shay	Clerk of the Board / Records
Kurt Wank	Assistant General Manager
Lisa Moeller	Director – HR & Communications
Mike Macomber	IT/SCADA Technician
Rebecca Schlotterback	Contracts and Regulatory Compliance Manager
Stephanie Hooper	Accountant I

VISITORS

Rick Maricle	Citizen
Robin Dexter	Citizen
Tyler McDevitt	Citizen
Todd Lagestee	Citizen

2. Approval of Agenda

ACTION:

Commissioner Arnett made a motion to approve the agenda. Commissioner Ury seconded the motion. The motion passed unanimously.

3. Approval of Consent Agenda

a) Approval of the Minutes of the Regular Meeting of March 25, 2025 & Approval of the Claims of April 8, 2025:

Commissioner Ury made a motion to approve the consent agenda as a whole including both the minutes and the claims. Commissioner Arnett seconded the motion. The motion passed unanimously.

Claims of April 8, 2025:

ALUMICHEM CANADA INC (formerly WATERHOUSE ENV.)	30,075.60
INDUSTRIAL SUPPLY, INC	74.82
AT&T MOBILITY	1,836.52
COBB, FENDLEY & ASSOCIATES, INC	5,795.18
COMPLETE DESIGN INC	18,937.50
CONNER, ERIC	299.00
CORNERSTONE MANAGEMENT, INC.	276.00
CRINA HOYER CONSULTING	1,778.80
CULLIGAN NORTHWEST	265.36

ENTRIKIN, ANDREW	6,533.90
ESRI	2,806.75
EXACT SCIENTIFIC SERVICES INC.	30.00
FERNDALE ACE HARDWARE	32.68
FOSTER GARVEY PC	28,018.00
HACKER, RONALD G	505.40
HD FOWLER CO, INC	19,970.24
HEALTH PROMOTIONS NORTHWEST	150.00
HOOPER, STEPHANIE	56.00
NATIONAL SAFETY, INC.	228.19
NEL/SON DISTRIBUTING DBA NELSON-REISNER	1,383.80
NORTHWEST CASCADE, INC.	165.50
NORTHWEST FIBER DBA ZIPLY FIBER	868.40
NORTHWEST MUNICIPAL ADVISORS	62,571.38
ODP BUSINESS SOLUTIONS LLC	412.86
P&P EXCAVATING, LLC	43,353.11
PLATT ELECTRIC SUPPLY CO	1,444.99
POMP'S TIRE SERVICE INC	807.20
PORTAL WAY FARM & GARDEN	98.09
PUD #1 OF WHATCOM COUNTY	7.17
PUGET SOUND ENERGY, INC	2,710.61
REGENCE BLUE SHIELD	42,924.58
RICOH USA	296.72
SSC - SANITARY SERVICE COMPANY	675.24
STERICYCLE ENVIRONMENTAL SOLUTIONS	522.05
TEAMSTER LOCAL #231	837.00
UNIT PROCESS COMPANY	472.80
UNITED WAY OF WHATCOM COUNTY	475.00
UTILITIES UNDERGROUND LOCATION	20.25
WA PUBLIC UTILITY DISTRICTS ASSOCIATION	30.00
WA ST DEPT OF RETIREMENT SYSTEMS	25.00
WASHINGTON DENTAL SERVICE	3,218.70
WASHINGTON TEAMSTERS WELFARE	16,048.80
WHATCOM FARMERS CO-OP	356.91
WHATCOM JANITORIAL	1,575.00
GRAND TOTAL	\$ 298,971.10

4. **Public Comment** – Todd Lagestee questioned why the agenda packet had not been uploaded to the PUD’s website. Lisa Moeller, Director – HR & Communications responded that the packet was uploaded on time but there was a error with the website and the packet did not post. Ms. Moeller stated that the error has been corrected and the packet is now online.

5. **General Manager’s Report** – Kurt Wank, Assistant General Manager was filling in for General Manager Heimgartner and reported on his behalf. Mr. Wank introduced commissioners and staff to Joe McKenna our new Project Manager. Mr. McKenna introduced himself and informed the commissioners and staff about his background and said he was happy to be working for the PUD. Mr. Wank informed the commissioners that an emergency was declared regarding the variable frequency drive that controls the high head pumps at Plant 1. Mr. Wank informed the commission that the drive was malfunctioning and that a contractor was called to assist water ops staff in correcting the situation.

6. **Operations Report** – Kurt Wank, Assistant General Manager reported that while Plant 1 was down to correct issues with the variable frequency drive the water crew members took advantage of the opportunity and installed a valve on high head pump 2 and did cleanup of the settling ponds and other needed maintenance. Mr. Wank also reported to the commissioners that the emergency with the electrical transfer switch that was previously reported to the commission has been repaired and the transfer switch is now operational again.

7. Old Business

a) **Broadband Update** – Andrew Entrikin, Director of Broadband and New Power Supply reported to the Commission that the Point Roberts project is moving along. Mr. Entrikin noted that there will be permitting issued for archeological work to monitor the site as the site prep phase of the project moves forward.

b) **Adjudication Update** – Nothing to report.

d) **Geothermal Update** – Nothing to report.

e) **Strategic Plan Update** – Nothing to report.

8. New Business

a) Report 1: Joseph Shay, Clerk to the Board / Records reported to the commission regarding the records and archival work he has been doing for the PUD since his arrival in August 2024.

b) Action 1: Approve A Professional Consulting Services Agreement With Digital Boundary Group For Cybersecurity Support Services, And Authorize The General Manager To Execute The Agreement. Commission Ury made a motion to approve the agreement. Commissioner Arnett seconded the motion. The motion passed unanimously.

c) Action 2: Approve Work Order No. 5 with Complete Design Inc For Engineering Services Related to the District's Plant 2 Basin Covers. Commissioner Arnett made a motion to approve the work order. Commissioner Ury seconded the motion. The motion passed unanimously.

d) Resolution 1: Resolution No. 876 Cancellation of Warrants. Commissioner Ury made a motion to approve resolution no. 876. Commissioner Arnett seconded the motion. The motion passed unanimously.

9. Commission Reports/Per Diem Requests:

Commissioner Arnett talked about attending the WRIA 1 meetings and the work they are doing on their work plan.

Commissioner Ury reported on his attendance at Energy Northwest and upcoming WPUDA meetings.

Commissioner Deshmane requested and was granted permission to use a per diem to have a meeting with the Cascade Natural Gas thermal energy team. That meeting date and time has not been set as of this meeting.

10. Public Comment – None.

11. Executive Session

None.

12. Adjourn

There being no further business Commissioner Deshmane adjourned the meeting at 10:41 a.m.

Atul Deshmane, President/Commissioner

Jaime Arnett, Vice President/Commissioner

Eddy Ury, Secretary/Commissioner

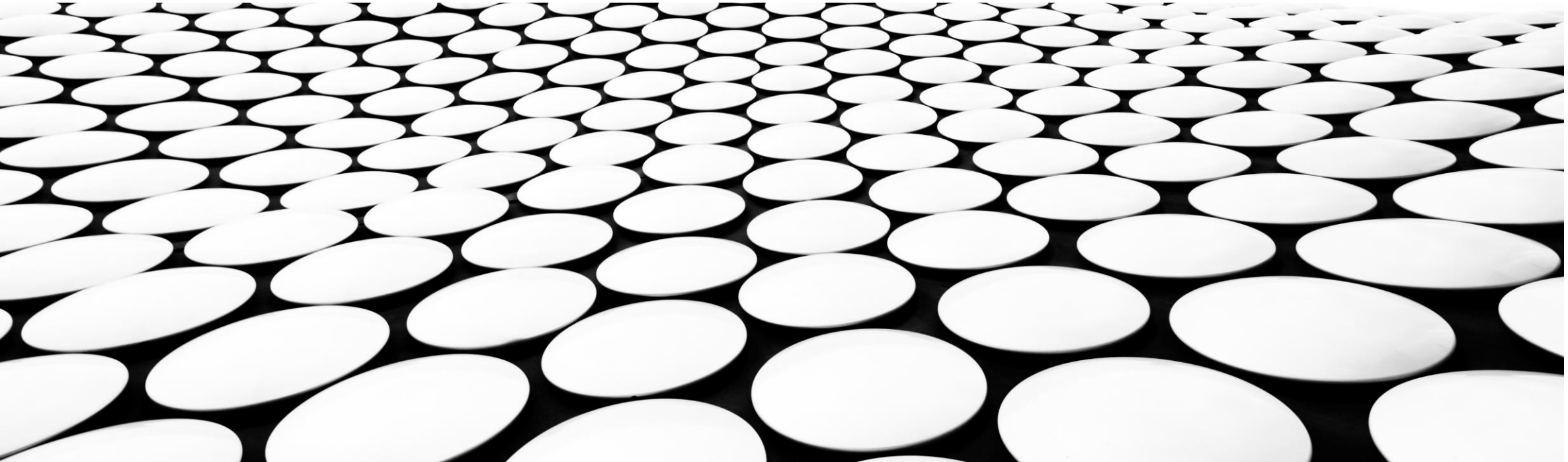
Commission Clerk Note:

Video recordings of the Whatcom PUD Commission Meetings are available online at the following link on the PUD's Website: <https://www.pudwhatcom.org/the-commission/agenda-packets-meeting-minutes-recordings/>

PLANT 1 REBUILD

PUD #1 OF WHATCOM COUNTY

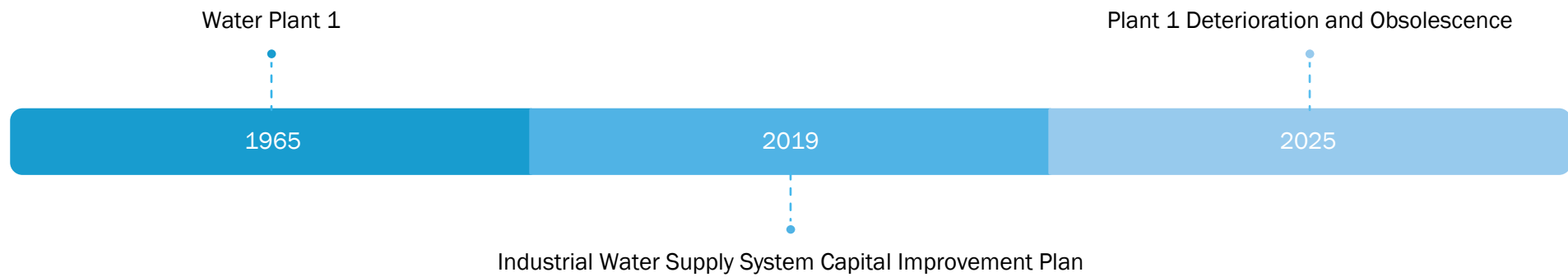
RW-38



POTENTIAL PLANT 1 EXTERIOR



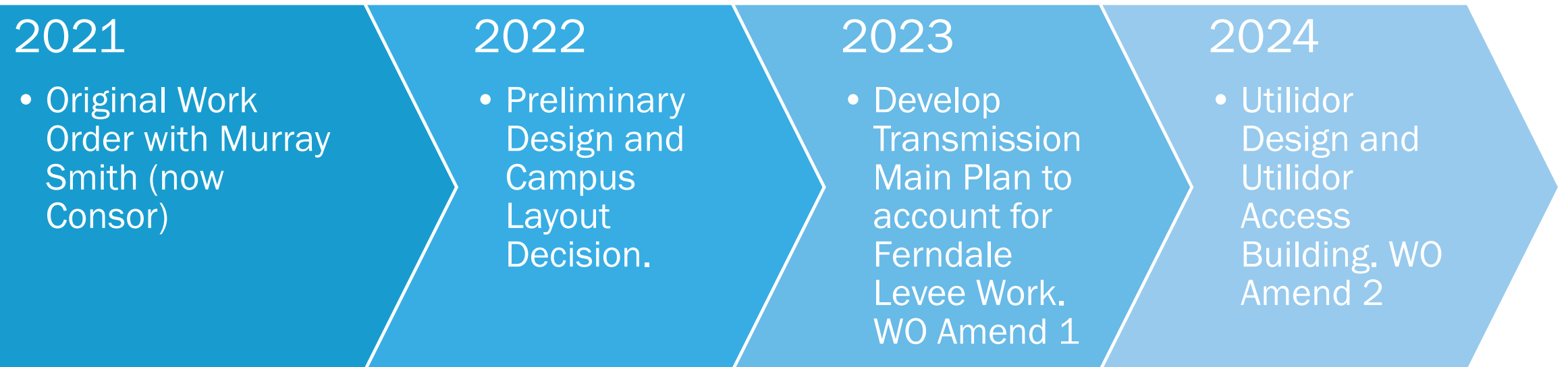
HOW DID WE GET HERE?



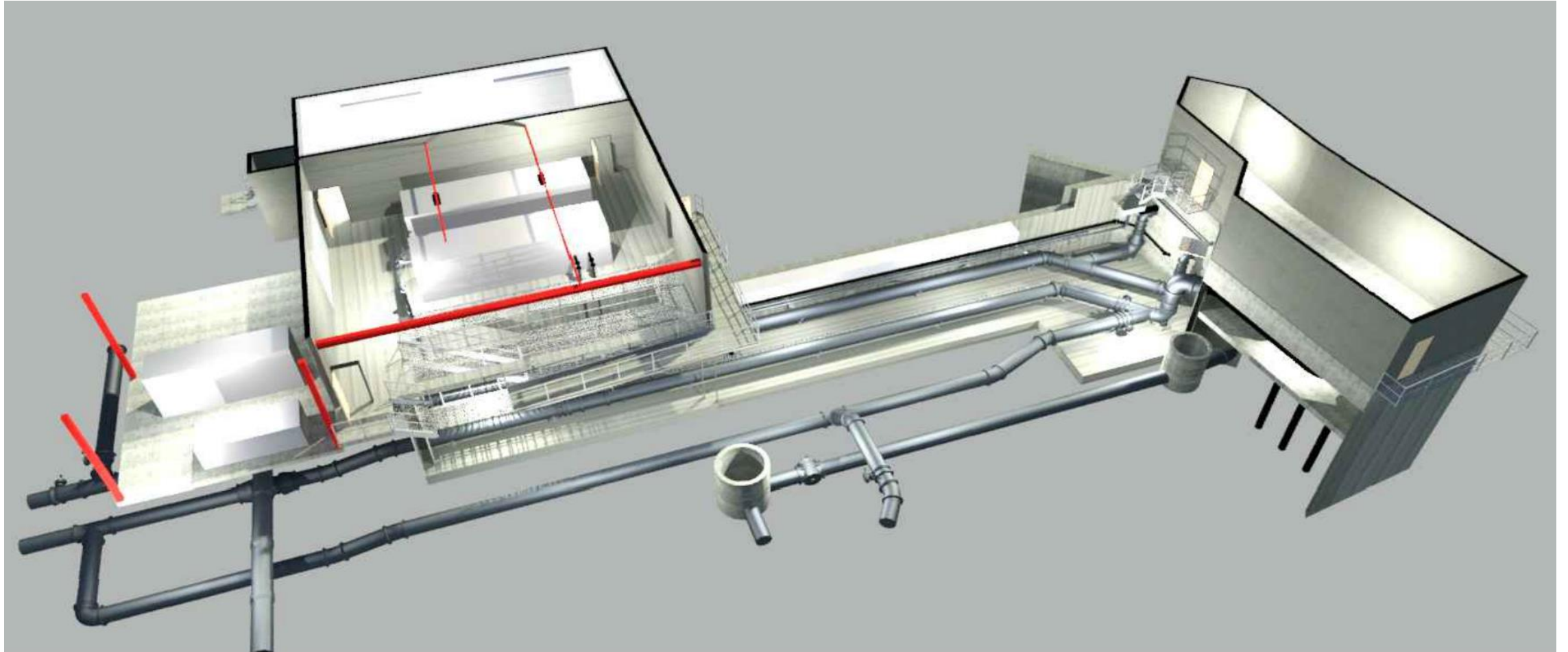
DETERIORATION AND OBSOLESCENCE



PLAN DEVELOPMENT



PLANT 1 INTAKE AND FUTURE UTILIDOR ACCESS BUILDING



PLAN COMES INTO FOCUS

March 2024

- Preliminary Design Report. 30% Plans

May 2024

- Utilidor Access Building Design. WO Amend 2

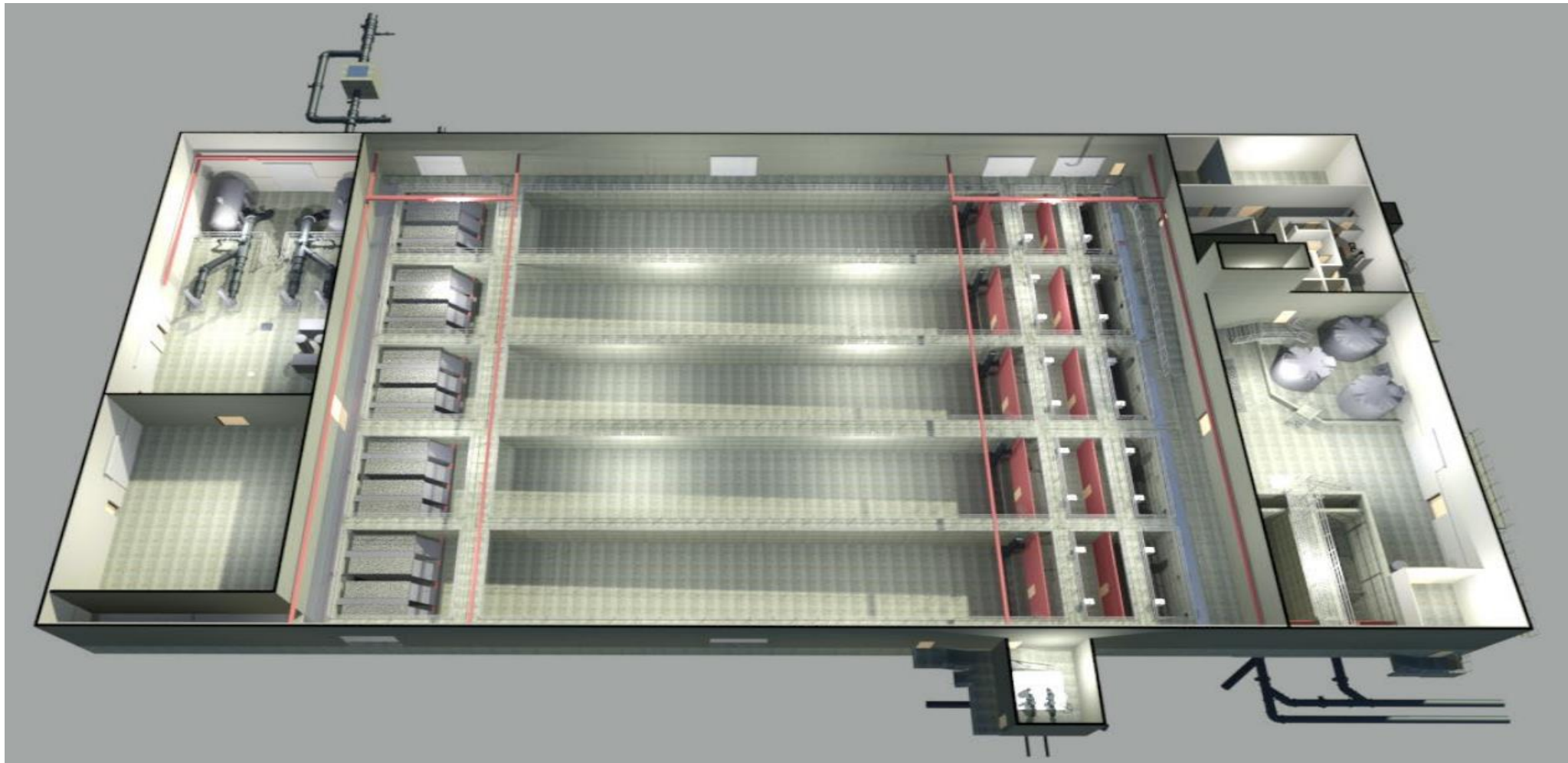
August 2024

- Pre-Application Permitting, Site Survey, Geotechnical

November 2024

- Subconsultant Discussions

PLANT 1 BASINS, CONTROL, HIGH HEADS, ELECTRICAL



PATH TO THE FUTURE

March 2025

- WO Amend3 for Full Campus Design

August 2025

- 60% Combined Campus Plans

February 2026

- 90% Design Plans

May 2026

- 100% Design

PLANT 1 BUILD OUT SCHEDULE

August 2026

- Bid Opening

November 2026

- Construction Begins

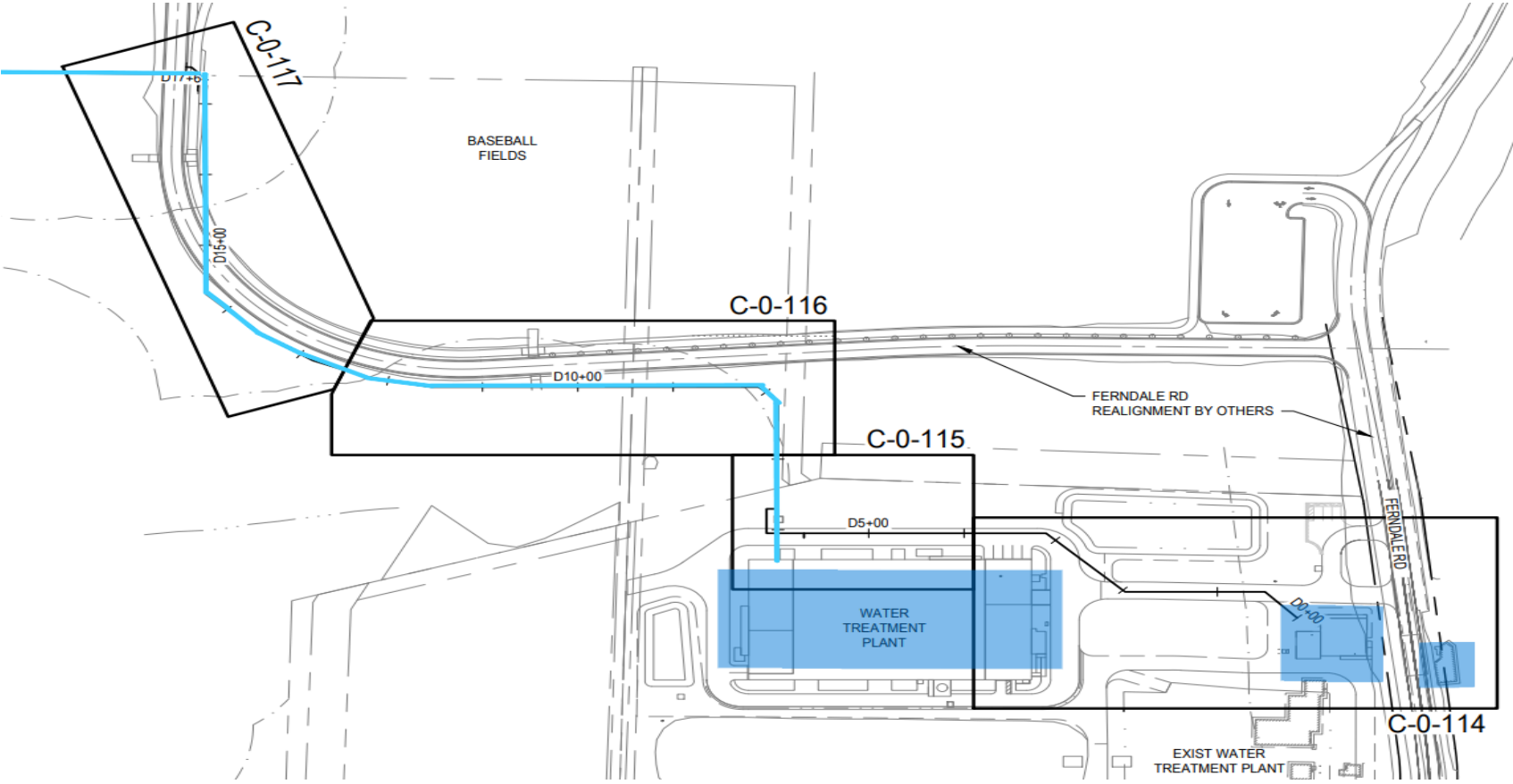
September 2028

- Utilidor Completion

November 2030

- Plant 1 Field Work Completion

OVERALL CAMPUS PLAN



OPINION OF PROBABLE CONSTRUCTION COST

PLANT 1 REBUILD -- OPINION OF PROBABLE CONSTRUCTION COST							
UTILIDOR, UAB, TRANSMISSION MAIN				WATER TREATMENT PLANT			
LOW		60% DESIGN	HIGH	LOW		30% DESIGN	HIGH
\$29,920,000.00		\$42,240,000.00		\$75,682,000.00		\$122,983,000.00	
OPCC LOW RANGE				OPCC HIGH RANGE			
\$105,602,000.00				\$165,223,000.00			

Memo

To: Commissioners Deshmane, Arnett, and Ury
From: Annette Smith, Director of Finance
Date: April 22, 2025
Re: 2024 Annual Financial Report

Requested Actions: ACCEPT THE DISTRICT'S 2024 ANNUAL FINANCIAL REPORT AND AUTHORIZE THE SUBMITTAL TO THE STATE AUDITOR'S OFFICE.

The Annual Report will be available at <https://www.pudwhatcom.org/the-commission/financial-documents/> by the evening of Friday, April 18, 2025.

Background: The Annual Report consists of the following four parts:

1. **Management's Discussion and Analysis (MD&A)** – This gives a high-level overview of the financial statements, discussing changes from the previous year. The intent is to give a broad, overview of any changes and trends.
2. **Financial Statements** – These statements are at a combined District level. Financial statements broken out per utility are under Note 15 in the Annual Report. The statements include the Statement of Net position (Balance Sheet), Statement of Revenue, Expenses and Changes in Fund Net Position (Income Statement), and the Statement of Cash Flows.
3. **Notes to Financial Statements** – This is where different sections and activities of the District are discussed and explained in detail. For example, Note 7 lists details and schedules for the outstanding long-term debt. Most of the Notes have prescribed guidelines by the SAO, but still give valuable, detailed information.
4. **Required Supplemental Information** – This section contains required schedules in the SAO formats.

While the Annual Report provides extensive information, it does not provide a budget to actual comparison of results. For that reason, the following, high-level statement was prepared to provide additional information/comparison:

	2024	2023	Variance	%	2024 Budget	Variance	%	
REVENUE								
1	Service Revenues - Industrial Water	\$ 11,584,561	\$ 10,285,032	\$ 1,299,529	13%	\$ 11,384,672	\$ 199,889	2%
2	Service Revenues - Irrigation	86,727	108,525	(21,798)	-20%	114,007	(27,280)	-24%
3	Service Revenues - Grandview Utility	299,850	232,188	67,663	29%	316,285	(16,435)	-5%
4	Service Revenues - Electric Utility	2,398,500	2,358,936	39,564	2%	2,398,497	3	0%
5	Misc Revenue	802,715	434,032	368,683	85%	117,122	685,593	585%
	TOTAL REVENUE	\$ 15,172,353	\$ 13,418,713	\$ 1,753,640	13%	\$ 14,330,583	\$ 841,770	6%
EXPENSES								
6	Labor & Benefits	(4,027,849)	(3,764,817)	(263,032)	7%	(4,157,532)	129,683	-3%
7	O&M Expenses	(2,973,883)	(1,848,456)	(1,125,427)	61%	(2,884,957)	(88,926)	3%
8	Administration Expenses	(2,474,301)	(2,177,288)	(297,013)	14%	(2,854,237)	379,936	-13%
	TOTAL EXPENSES	\$ (9,476,033)	\$ (7,790,561)	\$ (1,685,472)	22%	\$ (9,896,726)	\$ 420,693	-4%
BUSINESS SERVICES/GRANTS								
9	Business Service Revenue	281,374	127,798	153,576	120%	222,643	58,731	26%
10	Business Service Expenses	(345,797)	(37,233)	(308,564)	829%	(222,643)	(123,154)	55%
	TOTAL BUSINESS SERVICES	\$ (64,423)	\$ 90,565	\$ (154,988)		\$ -	\$ (64,423)	
11	INCOME (LOSS) BUDGET	\$ 5,631,897	\$ 5,718,717	\$ (86,819)	-2%	\$ 4,433,857	\$ 1,198,040	27%
CAPITAL COSTS								
12	Debt Service	(2,496,112)	(2,495,530)	(583)	0%	(2,496,112)	(0)	0%
13	Transfers for Capital Projects	(3,950,000)	(2,705,000)	(1,245,000)	46%	(3,930,000)	(20,000)	1%
	TOTAL CAPITAL COSTS	\$ (6,446,112)	\$ (5,200,530)	\$ (1,245,583)	24%	\$ (6,426,112)	\$ (20,000)	0%

The Phillips 66 pass-thru costs for power, transmission and related taxes, and non-cash expenses are removed from Revenue and Expenses.

The lines of the statement are numbered and discussed in more detail below:

- 1) *Service Revenues – Industrial Water* – Total water consumption for the Cherry Point area increased between 2023 and 2024 (4,323,188,776 gallons to 4,402,966,205 gallons respectively, a 2% increase). The 2024 revenues for Industrial Water increased from the 2023 revenues due to an increase in rates and consumption for 2024. The 2024 actual revenues were just over budget.
- 2) *Service Revenues – Irrigation* – Water consumption for the Irrigation customers, (municipal, season, and temporary), decreased 21% from 2023. Irrigation revenues are highly contingent upon the amount and timing of rainfall during the year, therefore vary from previous years, and budget more than other areas.
- 3) *Service Revenues – Grandview Utility* – Water consumption for the Grandview utility decreased in 2024 compared to 2023 17%. The 2024 revenues for the Grandview utility came in above 2023 due to rate increases, but below budget predictions. This is the third year of falling consumption.
- 4) *Service Revenues – Electric Utility* - this line includes Electric service revenues for District services only (O&M, admin, labor, etc.). The pass-through revenues for BPA power, transmission, and tax costs have been removed from this statement. The 2024, 2023 actual amounts and budget are in line with expectations.
- 5) *Miscellaneous Revenue* – this line includes any miscellaneous income including late fees, interest income, lease payments, recycle income and any income for in-house projects. For 2024, the majority of the income came from interest income.
- 6) *Labor and Benefits* – this includes all the labor and benefits not associated with capital projects and extraordinary maintenance. The 2024 actual costs came in above 2023 but below budget. The amount of labor capitalized was not as much as budgeted, which drove up the expense, while two new hires (Contract Manager and Project Manager) included in the 2024 budget were not filled, offsetting the increase.

- 7) *O & M Expenses*– this line includes all operating costs, including power costs for the water treatment plants, but excluding power costs passed through to Phillips 66. The 2024 actual costs came in above 2023, and right in line with budget. We continued to catch-up on extraordinary maintenance projects. The variance between actual and budget and previous year fell mainly in the extraordinary maintenance category.
- 8) *Administration Expenses* – 2024 Administration expenses came in above 2023 levels but below budget. The largest variance compared to budget was due to business development projects in the budget which weren't completed and the large election cost.
- 9) *Business Service Revenue* – this line includes all of the income from what we term Business Services. The majority of the revenue is from grants the District participates in, but can include outside consulting. Depending on the grant activity, this amount will fluctuate widely between years. 2024 income came from grants around the Whatcom County grant for the Pt Roberts broadband, cybersecurity grants, and feasibility on connecting small water associations. Non-grant income came from ALA Energy on a feasibility study. The budget included a grant for work on geothermal which did not occur in 2024.
- 10) *Business Service Expenses* – this line includes the corresponding expenses associated with the Business Services. The difference between the Revenue and Expenses is usually due to the timing of reimbursement, but sometimes is due to a lower than 100% reimbursement.
- 11) *Income (Loss)* – This line is the result of revenues minus expenses, but is not a direct reflection of the Operating Income on the Statement of Revenue, Expenses and Changes in Fund Net Position. The Statement of Revenue, Expenses and Changes in Fund Net Position reflects GAAP accounting and non-cash expenses. Line 11 corresponds to the budget and does not include non-cash expenses.
- 12) *Debt Service* – This is the debt service paid annually. In 2024 no new debt was issued or refinanced. The 2016 LTGO debt service is not reflected here since it is paid with assessments and not revenue.
- 13) *Transfers for Capital Projects* – This is the amount transferred over to the Capital funds annually for existing and future capital projects.

Staff will provide a presentation/overview of the report and provide opportunities for questions at the Commission meeting on April 22nd. You can find the pre-audit 2024 Annual Report on the PUD Website (<https://www.pudwhatcom.org/the-commission/financial-documents/>) after it is posted April 18th.

Fiscal Impact: None

Recommended Actions: ACCEPT THE DISTRICT'S 2024 ANNUAL FINANCIAL REPORT AND AUTHORIZE THE SUBMITAL TO THE STATE AUDITOR'S OFFICE.

PURCHASE AND SALE CONTRACT ("Contract")

This Contract is entered into by **Oxy Corp**, a Washington corporation (the "**Seller**"), and **Public Utility District No. 1 of Whatcom County, Inc.**, a Washington Municipal Corporation ("**Purchaser**"). All references in this Contract to the "**Effective Date**" will mean the date upon which the Contract is executed and delivered to the Title Company.

WITNESSETH:

IN CONSIDERATION of the promises and mutual covenants herein set forth, Seller and Purchaser agree to the purchase and sale of the Property (defined below), in accordance with the following terms and conditions:

1. Property. The Property will be comprised of the following:

That Property depicted in **Exhibit A**, attached hereto, that is a portion of Parcel A and all of Parcel B and C described below, including the Access Easement depicted therein:

PARCEL A:

PARCEL 11, NORTHGATE INDUSTRIAL PARK GENERAL & SPECIFIC BINDING SITE PLAN NO. 2, ACCORDING TO THE PLAT THEREOF, RECORDED ON NOVEMBER 17, 2014, UNDER AUDITOR'S FILE NO. 2141101286, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL B:

BUFFER TRACT B, NORTHGATE INDUSTRIAL PARK GENERAL & SPECIFIC BINDING SITE PLAN NO. 2, ACCORDING TO THE PLAT THEREOF, RECORDED ON NOVEMBER 17, 2014, UNDER AUDITOR'S FILE NO. 2141101286, RECORDS OF WHATCOM COUNTY, WASHINGTON.

PARCEL C:

PRIVATE EASEMENT FOR INGRESS, EGRESS, AND UTILITIES AS DEPICTED ON GENERAL & SPECIFIC BINDING SITE PLAN NO. 1 FOR THE NORTHGATE INDUSTRIAL PARK RECORDED ON SEPTEMBER 11, 1991, UNDER AUDITOR'S FILE NO. 910911082, RECORDS OF WHATCOM COUNTY, WASHINGTON AND ON GENERAL & SPECIFIC BINDING SITE PLAN NO. 2 FOR THE NORTHGATE INDUSTRIAL PARK RECORDED ON NOVEMBER 17, 2014, UNDER AUDITOR'S FILE NO. 2141101286, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

together with any and all improvements situated on the Property (the "**Improvements**"); and all right, title and interest of Seller, if any, in and to any and all appurtenances, roads, easements, wells, pumps, water systems, drainage facilities and rights-of-way serving and/or located within the bounds of the Property; utilities stubbed to the property line designed to serve the Property, licenses, permits, and entitlements, if any, and all other rights and benefits attributable to the

Property; and all rights of ingress and egress thereto (collectively, the “**Additional Interests**”).

The real property and other items described in the preceding paragraph together constitute the “**Property**.” The Property is being sold under threat of condemnation.

2. Purchase Price. The purchase price (“**Purchase Price**”) will be Four Hundred Fifty Thousand Dollars and No/100 (\$450,000.00). The Purchase Price will be payable to Seller in cash or by wire transfer of good funds to the Title Company for payment to Seller at Closing.

3. Earnest Money.

(a) Earnest Money. Within Thirty (30) business days after the Effective Date, Purchaser will deposit with Chicago Title Insurance Company, 1835 Barkley Blvd, Bellingham, WA 98226, Attention: Leah Richardson, Email: Leah.Richardson@ctt.com, Phone: (360) 734-7000 (“**Title Company**”), the sum of Fifty Thousand Dollars and No/100 (\$50,000.00) as refundable earnest money hereunder (“**Earnest Money**”).

The Earnest Money will be deposited by Title Company in an interest-bearing account, with the interest credited to Purchaser and as part of the Earnest Money. The entire Earnest Money will be applied towards the Purchase Price at Closing, or will be otherwise held and disbursed as herein provided.

4. Due Diligence Documents. The following documents will be delivered to Purchaser:

(a) Title Commitment. Within ten (10) days after the Effective Date, Seller will, at Seller’s expense, deliver a current commitment by the Title Company for an owner’s policy of title insurance to the Purchaser, together with legible copies of all listed title exceptions (the “**Title Commitment**”). The Property is subject to a certain Binding Site Plan that is recorded on title with the Whatcom County Auditor. Notwithstanding the requirements of this paragraph, should the Title Company be unwilling to issue a Title Commitment prior to the recording of a Specific Binding Site Plan creating the Property, then all of the dates in this Section 4(a) shall be within ten (10) days of recording of the Specific Binding Site Plan instead of within ten (10) days after the Effective Date. Further, Purchaser’s acceptance of the final Title Commitment and final legal description therein, is subject to section 8 (a) and (b) below.

(b) Specific Binding Site Plan or General and Specific Binding Site Plan. The Property is to be created by the Binding Site Plan process, the application(s) for which is/are to be filed by Purchaser. Purchaser shall, and is hereby authorized by the Seller to, file applications with applicable governing authorities to create the subject Property through a Specific Binding Site Plan, which may also require a General Binding Site Plan approval, and to obtain all development commitments, entitlements, permits, and approvals, all as may be deemed necessary by Purchaser in connection with its contemplated use and development of the Property (collectively, all of the foregoing commitments, entitlements, permits, and approvals are the “**Approvals**”); and Seller agrees to cooperate with Purchaser and execute such documents as are reasonably required in connection with the Approvals. The application for the Approvals shall be as soon as reasonably possible after the Effective Date. Purchaser shall execute and pursue the Whatcom County approval of the Approvals in a timely and expeditious manner. Such Approvals will not impose any burden or be binding upon the Property prior to Closing, nor impose any cost or liability on Seller, except to the extent consented to by Seller, which consent will not be unreasonably withheld. The processes related to obtaining approval for the Specific Binding Site Plan shall be managed, directed, and controlled solely by the Purchaser. The application and

related materials for the Specific Binding Site Plan, and potentially a General Binding Site Plan, shall require the signature and consent of the Seller. The Seller hereby grants their consent to have an application filed for the Specific Binding Site Plan, and if necessary a General Binding Site Plan, for the creation of the Property and all other necessary applicant approvals related thereto executed by the Purchaser; provided further that if required by any government agency the Seller shall issue without delay a Limited Power of Attorney granting the Purchaser the authority to execute such application and related documents as required by a governmental agency, and the final Specific Binding Site Plan and, if required, a General Binding Site Plan, for recording; provided further, if a governmental agency requires the actual signature of the Seller on any such documents, the Seller shall provide such signature without delay.

Purchaser and its duly authorized agents or representatives may enter upon the Property at all reasonable times during the term of the Contract to conduct engineering, environmental, and geotechnical studies, or any other inspections or tests subject to the limitations and requirements of this Contract. Purchaser will indemnify and hold Seller harmless from and against any and all losses or costs incurred by Seller due to any injuries to persons or damage to the Property resulting from such studies, inspections and/or tests, and if Purchaser fails to close its acquisition of the Property pursuant to this Contract, Purchaser will repair any damage to the Property caused by Purchaser, its agents, or representatives.

(c) Documents. Within seven (7) business days after the Effective Date, Seller will deliver to Purchaser copies of all documents in the possession of Seller pertaining to the development, ownership, or operation of the Property that are not otherwise available in the public record, including but not limited to, any binding site plan related to the Property; any existing survey of the Property; soils reports; environmental reports, studies, assessments, and notices; any documentation regarding water, sanitary sewer, gas and other utilities serving the Property; engineering studies; licenses and permits (collectively, the “**Documents**”). No Documents provided by Seller shall be divulged to Whatcom County without the express written permission of the Seller in the Seller’s sole and absolute discretion, provided this restriction shall not apply to those Documents that are also publicly available.

(d) Review of Title, Survey and Documents. Purchaser will have until 11:59 p.m., Pacific Standard Time on that date which is ten (10) business days after Purchaser’s receipt of the Title Commitment, and Documents, whichever is received later (“**Approval Period**”), to review and approve the matters reflected in the Title Commitment, and Documents. If Purchaser determines that the Title Commitment, and/or Documents reflect or disclose any defect, exception or other matter affecting the Property unacceptable to Purchaser in its sole discretion, then Purchaser will notify Seller of Purchaser’s objections in writing prior to the expiration of the Approval Period (“**Objection Notice**”). If Seller fails to cure Purchaser’s objections within ten (10) business days after Seller’s receipt of the Objection Notice (the “**Seller’s Cure Period**”), Purchaser may, as its sole and exclusive remedy, terminate this Contract by providing written notice of termination to Seller within ten (10) business days after the expiration of Seller’s Cure Period, whereupon this Contract will be terminated, the Earnest Money will be refunded to Purchaser, and thereafter neither Seller nor Purchaser will have any continuing rights or obligations other than Purchaser’s indemnity of Seller as provided in Section 6. If Purchaser fails to terminate this Contract within that period, Purchaser will be deemed to have approved and waived any objection to the matters contained in the Title Commitment, and Documents, except for those conditions of Closing set forth in Section 8 below. If the Title Company issues a supplement or amendment to the Title Commitment showing additional title exceptions (each, an “**Amended Report**”), Purchaser will have ten (10) business days from the date of receipt of each Amended Report and a copy of each document referred to in the Amended Report in which to

give written notice (each, a “**Supplemental Title Notice**”) to Seller of its objection to any additional matter affecting the Property that is unacceptable to Purchaser, in Purchaser’s sole discretion, shown in such Amended Report. All matters shown under “Schedule B – Section II” of the Title Commitment to which Purchaser has not objected or Purchaser has waived as provided herein, that are recorded on title with the Whatcom County Auditor, will be considered to be “**Permitted Exceptions**.” Notwithstanding the foregoing, under no circumstances will Purchaser be required to object to any existing liens reflected in the Title Commitment or other matters shown on “Schedule B – Section I” thereto, all of which (except for the lien or liens for taxes not yet due and payable) will be released or satisfied by Seller at its expense prior to Closing. Similarly, Purchaser acknowledges the existing covenants on the Property and agrees that the Amended Declaration of Covenants, Conditions, and Restrictions for Northgate Industrial Park recorded on September 14, 2020 under Whatcom County Auditor File No. 2020-0902079 shall be a “Permitted Exception.”

5. Representations, Warranties and Covenants of Purchaser. Purchaser represents and warrants to Seller as follows:

(a) that neither Purchaser’s execution of this Contract nor its performance of its obligations hereunder will violate, or constitute a default under or breach of, any agreement between Purchaser and any third party or by which Purchaser is bound.

(b) that Purchaser is fully authorized to enter into and perform its obligations under this Contract and any other agreement or instrument necessary to consummate the transaction contemplated by this Contract.

(c) that there are no attachments, executions, assignments for the benefit of creditors, or proceedings in bankruptcy or under any other debtor relief laws contemplated by or pending or, to the best of Purchaser's knowledge, threatened by or against Purchaser.

6. Representations, Warranties and Covenants of Seller. Seller, to the best of Seller’s actual knowledge without a duty of investigation, represents, warrants and covenants to Purchaser as follows:

(a) that Seller presently has and will have at Closing record title to the Property, and that, at Closing, such title will be free and clear of all liens, encumbrances, covenants, restrictions, rights-of-way, easements, leases and other matters affecting title, except for the Permitted Exceptions.

(b) that the Property will be transferred to Purchaser free and clear of any management, service or other contractual obligations, other than the Permitted Exceptions and those disclosed to and approved in writing by Purchaser.

(c) No Actions. There are no actions, suits or proceedings pending or, to the best of Seller’s knowledge, threatened against Seller or otherwise affecting any portion of the Property, at law or in equity, or before or by any federal, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign. Until the Closing Date or sooner termination of this Contract, Seller will not seek any zoning changes, or any development permits or approvals for the Property without the prior approval of Purchaser.

(d) Authority. The execution by Seller of this Contract and the consummation by Seller of the sale contemplated hereby have been duly authorized, and do not, and, at the Closing Date, will not, result in a breach of any of the terms or conditions of, or constitute a default under any indenture, agreement, instrument or obligation to which Seller is a party or by which any portion

of the Property is bound. No consent of any lender or any other party is required for Seller to enter into this Contract.

(e) Continued Maintenance. From the Effective Date through the Closing Date, Seller will: (i) continue to maintain the Property in its present condition; (ii) not make any alterations or improvements to the Property or on the Property, nor demolish any of the Property, without the prior approval of Purchaser; and (iii) maintain its existing insurance policies for the Property.

(f) Leases. From the Effective Date through the Closing Date, Seller will not enter into any lease, occupancy agreement, license or other agreements or rights with respect to the use or occupancy of any portion of the Property without Purchaser's prior written consent, and no leases affect the Property as of the Effective Date.

(g) No Agreements. From the Effective Date through the Closing Date, Seller will not enter into or amend any oral or written agreements affecting the Property which might become binding on Purchaser or the Property at or after Closing without Purchaser's written consent.

(h) Compliance with Laws. The Property complies with all applicable laws and ordinances, and the present maintenance, operation and use of the Property does not violate any environmental, zoning, subdivision, building or similar law, ordinance, code, regulation or governmental permit affecting the Property. There are no unsatisfied requests for repairs, restorations or improvements from any person, entity or authority, including any tenant, lender, insurance carrier or government authority.

(i) Environmental.

(1) During the period that Seller has owned the Property, to the best of Seller's knowledge, there has been no storage, production, transportation, disposal, treatment or release of any solid waste, hazardous waste, toxic substance, or any other pollutants or contaminants (collectively, "**Pollutants**") on or in the Property. Seller has complied with all applicable local, state or federal environmental laws and regulations. To the best of Seller's knowledge, there are no underground storage tanks, covered surface impoundments or other sources of environmental Pollutants or contaminants on the Property. In addition to the indemnification obligations set forth in Section 8 and 12, Seller will indemnify, defend and hold Purchaser harmless from any claims, damages, and liability of every kind, including all expenses of litigation and attorneys' fees, arising from Seller's pollution of the Property or Seller's failure to comply with local, state or federal environmental laws and regulations. The obligations herein shall survive closing.

(j) Condemnation. Other than the Purchaser's indication that it would consider condemnation to acquire the Property, there is no pending or threatened condemnation or similar proceedings affecting the Property.

(k) Condition of Property. To the best of Seller's knowledge, there are no material physical, structural, or mechanical defects in any part of the Property.

(l) Utilities. The Property is not served by water, storm and sanitary sewer, gas, electricity or telephone.

(m) Personal Property. There is no material personal property owned by Seller and used or associated with the Land

(n) Documents. To the best of Seller's knowledge, the Documents are true, correct and complete in all material respects (and without limitation, Seller has delivered to Purchaser, true, correct and complete copies of the Documents respecting the Property within its possession or control).

(o) Untrue Statement. None of the representations, warranties or covenants made by Seller under this Contract contains any untrue statements of material fact or omits a material fact necessary in order to make the statements not misleading.

All of the representations and warranties contained in this Section are made by Seller to the best of Seller's actual knowledge without a duty of investigation both as of the Effective Date and as of the Closing Date and will survive Closing for a period of twelve (12) months thereafter.

Seller further covenants and agrees with Purchaser that, from the Effective Date until Closing, Seller will not sell, assign or convey any right, title or interest whatsoever in or to the Property, or create or permit to exist any lien, security interest, easement, encumbrance, charge or condition affecting the Property (other than the Permitted Exceptions) without promptly discharging the same prior to Closing.

7. Waiver of Right to Receive Seller Disclosure Statement and Waiver of Right to Rescind. PURSUANT TO RCW CH. 64.06, AS AMENDED BY CHAPTER 64, LAWS OF 2010, PURCHASER HEREBY WAIVES ITS RIGHT TO RECEIVE THE SELLER DISCLOSURE STATEMENT REFERRED TO THEREIN WITH RESPECT TO THE PROPERTY. The parties acknowledge that Seller's response to all of the questions entitled "Environmental" would not be "Yes."

8. Closing Conditions. Purchaser's purchase of the Property is subject to satisfaction of the following conditions prior to Closing (collectively, the "**Closing Conditions**"):

(a) Recording of a Specific Binding Site Plan, and if required a General Binding Site Plan, creating the Property as a separate lot(s) of record, and the Purchaser's acceptance in its sole discretion of all conditions imposed by any governmental agency related to the creation of the Specific Binding Site Plan. The configuration of the Property shall be as depicted on the map attached hereto as **Exhibit A**. In order to fully comply with the requirements of RCW 58.17.205, the recordation of the Specific Binding Site Plan, and General Binding Site Plan, is a contingency in favor of both parties, and must be completed prior to or at closing, provided that if the Seller terminates this Contract and subsequently proceeds to complete the Specific Binding Site Plan the Seller shall reimburse the Purchaser of all of its actual out of pocket costs incurred in pursuit of the Specific Binding Site Plan Approvals within fifteen (15) days of delivery of an invoice to the Seller. However, if Purchaser defaults, Seller is entitled to all work product associated with the Specific Binding Site Plan and Approvals.

(b) Representations and Warranties. All representations and warranties of Seller contained herein will be true, accurate and complete in all material respects at the time of Closing as if made again at such time to the best of Seller's knowledge.

(c) Seller Obligations. Seller will have performed all obligations to be performed hereunder on or before Closing (or, if earlier, on or before the date set forth in this Contract for such performance).

(d) Condition of Property. At Closing, title to the Property will be in the condition

required by this Contract and the Title Company will deliver the Title Policy, or Title Company's irrevocable commitment to issue the Title Policy, to Purchaser.

(e) Suits or Proceedings. No action, suit or proceeding will be pending or threatened before any court, administrative agency or arbitrator wherein an unfavorable injunction, order, decree, ruling or charge would: (i) prevent consummation of this Contract; (ii) cause this Contract to be rescinded following consummation; or (iii) adversely affect the right of Purchaser after the Closing Date to own and control the Property.

As the Purchaser's sole and exclusive remedy, if Purchaser determines, in Purchaser's sole direction, that any of the above Closing Conditions cannot be met to Purchaser's satisfaction prior to Closing (as defined in Section 8), then Purchaser may terminate this Contract by written notice to Seller, whereupon this Contract will be terminated, and the Earnest Money will be refunded to Purchaser, and thereafter neither Seller nor Purchaser will have any continuing rights or obligations hereunder other than Purchaser's indemnity of Seller as provided in Section 6, 8 and 12).

Seller will join with Purchaser in executing any applications, plats, or related documents necessary to satisfy the Closing Conditions set forth in this Section, including without limitation, related to Purchaser's use of the Property; provided, however, that Purchaser will pay all fees and expenses incurred by Purchaser in attempting to satisfy said Closing Conditions.

9. Closing. The closing ("**Closing**") will take place at the offices of the Title Company on a date ("**Closing Date**") selected by Purchaser which is on or before forty-five (45) days after Whatcom County approval of the Specific Binding Site Plan, unless Purchaser terminates this Contract prior to such date in accordance with this Contract.

10. Seller's Obligations at Closing. At the Closing, Seller will furnish or deliver to Purchaser, at Seller's expense (except for the costs associated with the Title Policy, as described in Section 12(a)), the following:

(a) Deed. A statutory warranty deed covering the Property (the "**Deed**"), duly signed and acknowledged by Seller, the form of which is set forth in **Exhibit B** attached hereto, and which will convey to Purchaser good and indefeasible fee simple title to the Property free and clear of all liens, rights-of-way, easements, leases, and other matters affecting title to the Property, except for the Permitted Exceptions.

(b) Title Policy. An American Land Title Association ("ALTA") Owner's Policy of Title Insurance (the "**Title Policy**") issued by the Title Company, insuring good and marketable fee simple title to the Property in the Purchaser, in the amount of the Purchase Price, subject only to the Permitted Exceptions and the standard printed exceptions, except:

(i) Seller will comply with all Schedule B "Section 1" General Requirements (and equivalents) and such requirements will be removed;

(ii) There will be no exception for rights of parties in possession or for visible or apparent roadways or easements not shown on the Specific Binding Site Plan; and

(iii) Purchaser may receive, at its expense, such other endorsements as may be permitted by applicable insurance regulations as Purchaser may desire.

(c) Non-Foreign Affidavit. A non-withholding statement that will satisfy the requirements of Section 1445 of the Internal Revenue Code so that Purchaser is not required to withhold any portion of the purchase price for payment to the Internal Revenue Service.

(d) Evidence of Authority. Such documents as may be reasonably required by Purchaser or the Title Company evidencing the status and capacity of Seller and the authority of the person or persons who are executing the various documents on behalf of Seller in connection with the sale of the Property.

(e) Other Documents. Such other documents as the Title Company may reasonably require to consummate this transaction.

11. Purchaser's Obligations at Closing. At the Closing, Purchaser will deliver to Seller, at Purchaser's expense, the following:

(a) Purchase Price. The Purchase Price.

(b) Evidence of Authority. Such documents as may be reasonably required by Seller or the Title Company evidencing the status and capacity of Purchaser and the authority of the person or persons who are executing the various documents on behalf of Purchaser in connection with the purchase of the Property.

(c) Other Documents. Such other documents as the Title Company may reasonably require to consummate this transaction.

12. Costs and Adjustments.

(a) Taxes and Closing Costs. All ad valorem taxes levied or assessed against the Property by applicable taxing authorities will be prorated between Purchaser and Seller on the basis of the latest available tax assessments, the square footage of the Property being acquired by the Purchaser, and improvements thereon. The apportionment of taxes will be upon the basis of (i) the tax rate for the current year of Closing (or the preceding year if the current year's statements are not available) applied to the latest assessed valuation, and (ii) if the Property is assessed as a part of a larger tax parcel, then taxes will be prorated based on the Property's percentage of the total land area included in the tax parcel; and adjustments in the prorations will be made if necessary upon receipt of the tax statements for the year of Closing, and both parties agree that payment of the amount of such adjustments will be made within thirty (30) days of receipt of such tax statements for the year of Closing. If the Property is assessed as a part of a larger tax parcel, Seller will pay at Closing, or deposit in escrow with the Title Company, the pro rata share of the taxes attributable to that portion of the tax parcel not constituting a part of the Property. Notwithstanding the foregoing, Seller will be responsible for and will indemnify Purchaser against any and all rollback taxes and other taxes assessed from and after Closing which are attributable to the period prior to Closing due to a change in land use, ownership or otherwise. If rollback taxes will be assessed, Seller will pay or escrow with the Title Company an amount determined by the Title Company to be sufficient for payment in full of the rollback taxes assuming a change in use at Closing. Seller and Purchaser will each be responsible for the fees and expenses of their respective attorneys and one-half (1/2) of the escrow fees charged by Title Company. Seller will pay for the costs of (i) all documentary and other transfer taxes payable in connection with the recordation of the Deed; (ii) all recording fees; (iii) the cost for a standard Owner's policy of title insurance; and (v) any tax deferral assessments or special assessments, including but not limited to any taxes due under the "Open Space Taxation". Purchaser will pay

(i) the difference in the cost between a standard Owner's policy of title insurance and the Title Policy, (ii) the premium for any endorsements Purchaser desires to obtain to the Title Policy; (iii) all costs associated with the Approvals for the Specific Binding Site Plan including recording costs. Any other expenses, charges and fees of Closing not otherwise specifically allocated herein or incurred by a specific party, will be borne by the parties in accordance with the general custom and practice in Whatcom County, Washington, or if no such custom or practice exists, they will be borne equally between the parties, or as otherwise agreed to by the parties.

(b) Other Income and Expenses. All other income and ordinary operating expenses for or pertaining to the Property, including, but not limited to, public utility charges, maintenance and service charges and all other normal operating charges of the Property will be prorated as of the Closing Date; provided that Purchaser will not be obligated for payments under any management, service or other contractual agreements affecting the Property, and the same will be terminated prior to Closing unless Purchaser expressly elects to assume the same.

If any adjustments pursuant to this Section are determined to be erroneous, then the party who is entitled to additional monies will invoice the other party for such additional amounts as may be owing, and such amounts will be paid within twenty (20) days from the receipt of any such invoice; provided that no amounts may be so billed following the expiration of one (1) year after the Closing Date, and either party may dispute any such claim.

Seller agrees to indemnify and hold Purchaser harmless of and from any and all liabilities, claims, demands and expenses, of any kind or nature arising or attributable to the period prior to the Closing Date and which are in any way related to the ownership, maintenance or operation of the Property, and all expenses related thereto, including, but not limited to, court costs and attorneys' fees.

Purchaser agrees to indemnify and hold Seller harmless of and from any and all liabilities, claims, demands and expenses, of any kind or nature, arising or attributable to the period on or subsequent to the Closing Date and which are in any way related to the ownership, maintenance or operation of the Property, including, but not limited to, court costs and attorneys' fees.

The parties agree that this Contract shall not affect any other agreements between the parties. Specifically, the agreement that all owners/tenants within the Northgate Industrial Park shall not pay any type of connection or 'hook up' fee to the PUD.

13. Destruction/Condemnation of Property. If all or any portion of the Property is damaged or destroyed by any casualty or is the subject of a taking or condemnation under eminent domain law after the Effective Date but prior to the Closing Date, Seller will have no obligation to repair or replace any damage or destruction caused by the foregoing, but the following will apply at the Closing: (1) in the event of a casualty, Seller will assign the insurance proceeds to Purchaser; and (2) in the event of a casualty, taking, or condemnation, Seller will assign to Purchaser its rights to any condemnation proceeds resulting from such taking. Notwithstanding the foregoing, if such casualty, condemnation, or taking is a "Material Event" (as defined below), then Purchaser may elect to terminate this Contract by written notice to Seller given on or before the Closing Date, and upon such termination, any Earnest Money will be returned to Purchaser, and the parties will have no further liability or obligation hereunder. As used in this Section, a "**Material Event**" means either of the following: (a) a casualty resulting in damage or destruction to the Property, if the cost to restore the Property to its condition immediately prior to such casualty is reasonably estimated to exceed Twenty-Five Thousand Dollars and No/100 (\$25,000.00); or (b) a casualty, taking or

condemnation which would impede access to the Property, or otherwise impede Purchaser's planned use of the Property.

14. Notices. All notices, demands or other communications of any type given by the Seller to the Purchaser, or by the Purchaser to the Seller, whether required by this Contract or in any way related to the transaction contracted for herein, will be void and of no effect unless given in accordance with this Section. All notices will be in writing and delivered to the person to whom the notice is directed, either in person, by overnight delivery service, electronic mail with confirmed receipt, or by mail as a registered or certified item, return receipt requested. Notices delivered by mail will be deemed given upon the date when deposited in a post office or other depository under the care or custody of the United States Postal Service, enclosed in a wrapper with proper postage affixed, and notices delivered by other means will be effective when received by the party to whom the same is addressed, and such notices will be addressed as follows:

Seller:

Oxy Corp
606 Anchor Drive
Corvallis, MT 59828

Email: thebuzman@gmail.com

With a copy to:

Kristen A. Cavanaugh
Belcher Swanson Law Firm, P.L.L.C.
900 Dupont Street
Bellingham, WA 98225

Email: kristen@belcherswanson.com

Purchaser:

PUD No. 1 of Whatcom County
Attn: General Manager
P.O. Box 2308
1705 Trigg Road
Ferndale, WA 98248

With a copy to:

Jon Sitkin
CSD Law P.S.
1500 Railroad Ave.
Bellingham, WA 98225

Email: jsitkin@csdlaw.com

15. Remedies. Except as provided in Section 8, if Seller fails to timely comply with all conditions, covenants and obligations hereunder, or if any of the representations and warranties of Seller contained herein are untrue, such failure or misrepresentation will be an event of default by Seller, and thereupon Purchaser may, as its sole and exclusive remedy, either (i) terminate this Contract by providing written notice of such termination to Seller, whereupon this Contract will be terminated, the Earnest Money will be refunded to Purchaser, and thereafter neither Seller nor Purchaser will have any continuing rights or obligations other than Purchaser's indemnity of

Seller as provided in Sections 6, 8, and 12; or (ii) seek specific performance of this Contract. Notwithstanding anything to the contrary contained herein, an event of default by the Seller will not be deemed to have occurred unless and until Seller has failed to cure within ten (10) days of receipt of notice from Purchaser of such default. Other than as expressly stated herein, under any and all circumstances of Seller's default, regardless of cause, the Purchaser shall have no right to damages of any kind and no other rights or remedies in any case be collectible, enforceable or available to the Purchaser against Seller.

If Purchaser fails to timely comply with all conditions, covenants and obligations hereunder or fails to close the transaction contemplated hereunder, except due to a default by Seller, such failure will be an event of default by Purchaser ("**Purchaser Default**") and Seller as its sole and exclusive remedy may terminate this Contract and receive from the Title Company the Earnest Money deposited with the Title Company as liquidated damages. Notwithstanding anything to the contrary contained herein, a Purchaser Default will not be deemed to have occurred unless and until Purchaser has failed to cure within ten (10) days of receipt of notice from Seller of such default. The Earnest Money is agreed upon by and between the Seller and Purchaser as liquidated damages due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty thereof, and no other damages, rights or remedies will in any case be collectible, enforceable or available to the Seller against Purchaser, and the Seller will accept the Earnest Money as the Seller's total damages and relief, Seller hereby waiving any other rights or remedies to which it may otherwise be entitled. The foregoing limitations will not apply to Purchaser's indemnities pursuant to Section 6.

16. Miscellaneous.

(a) Interpretation and Applicable Law. This Contract will be construed and interpreted in accordance with the laws of the state where the property is located, and the jurisdiction and venue with respect to any disputes arising hereunder will be proper only in the city or county in which the Property is located. Where required for proper interpretation, words in the singular will include the plural; the masculine gender will include the neuter and the feminine, and vice versa. The terms "successors and assigns" will include the heirs, administrators, executors, successors and permitted assigns, as applicable, of any party hereto. Time is of the essence in this Contract in all respects.

(b) Amendment. This Contract may not be modified or amended, except by an agreement in writing signed by the Seller and the Purchaser. Each party may waive any of the Contract's conditions or obligations of the other party, but any such waiver will be effective only if in writing and signed by the party waiving such conditions and obligations.

(c) Attorneys' Fees. If it becomes necessary for either party to file a suit to enforce this Contract or any terms contained herein, the prevailing party may recover, in addition to all other remedies or damages, reasonable attorneys' fees and costs of court incurred in such suit.

(d) Descriptive Headings. The descriptive headings of the several sections contained in this Contract are inserted for convenience only and will not control or affect the meaning or construction of any of the terms hereof.

(e) Entire Agreement. This Contract (and the items to be furnished in accordance herewith) constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No representation, warranty, covenant, agreement or condition

not expressed in this Contract will be binding upon the parties hereto or will affect or be effective to interpret, change or restrict this Contract.

(f) Multiple Originals and Counterparts; Electronic Documents. This Contract may be executed in any number of copies and counterparts, each of which will be deemed an original and all of which counterparts together will constitute one agreement with the same effect as if the parties had signed the same signature page. This Contract and related documents may be executed by electronic copy, including DocuSign, unless otherwise specifically provided for herein or if an original is required by local custom or law.

(g) No Real Estate Commission. Each party represents and warrants to the other that no broker or finder is connected with or has been engaged by it in connection with any of the transactions contemplated by this Contract. Seller will be obligated to pay any and all commissions or fees which may be due to a broker in connection with the transactions contemplated herein pursuant to a separate contract (if any). In the event of a claim for any other broker's or finder's fee or commissions in connection herewith, each party will indemnify the other against any such claims made based upon any act, statement, or agreement alleged to have been made by the indemnifying party.

(h) Exclusivity. Between the Effective Date and the Closing Date (or earlier termination of this Contract as provided herein), Seller will not negotiate, or enter into, any agreement pertaining to the sale, exchange, lease or transfer of all or any portion of the Property to any person or entity other than Purchaser or its assigns.

(i) No Assignment. Purchaser may not assign this Contract without the consent of Seller.

(j) Legal Holidays. Notwithstanding anything herein to the contrary, if the final date of any period, any date of performance or any deadline date which is set forth in this Contract falls on a Saturday, Sunday or federal legal holiday, then such date will be extended to the next following date which is not a Saturday, Sunday or federal legal holiday.

(k) Binding Effect. This Contract will be binding upon and will inure to the benefit of the parties hereto and their successors and assigns.

(l) Waiver of Consequential Damages. Notwithstanding any provision in this Contract to the contrary, neither party will be liable to the other party for consequential damages, such as lost profits or interruption of the other party's business.

(m) Waiver of Jury Trial. TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF SELLER AND PURCHASER WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN SELLER AND PURCHASER ARISING OUT OF THIS CONTRACT OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO.

////

EXECUTED to be effective as of the Effective Date.

SELLER:

Oxy Corp, a Washington Corporation

By: _____

Name: _____

Title: _____

Date Signed: _____

PURCHASER:

Public Utility District No. 1 of Whatcom County,
a Washington Municipal Corporation

By: _____

Name: _____

Title: _____

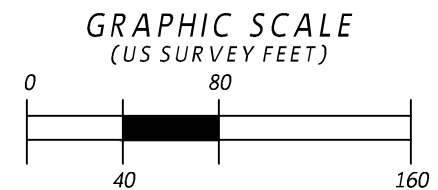
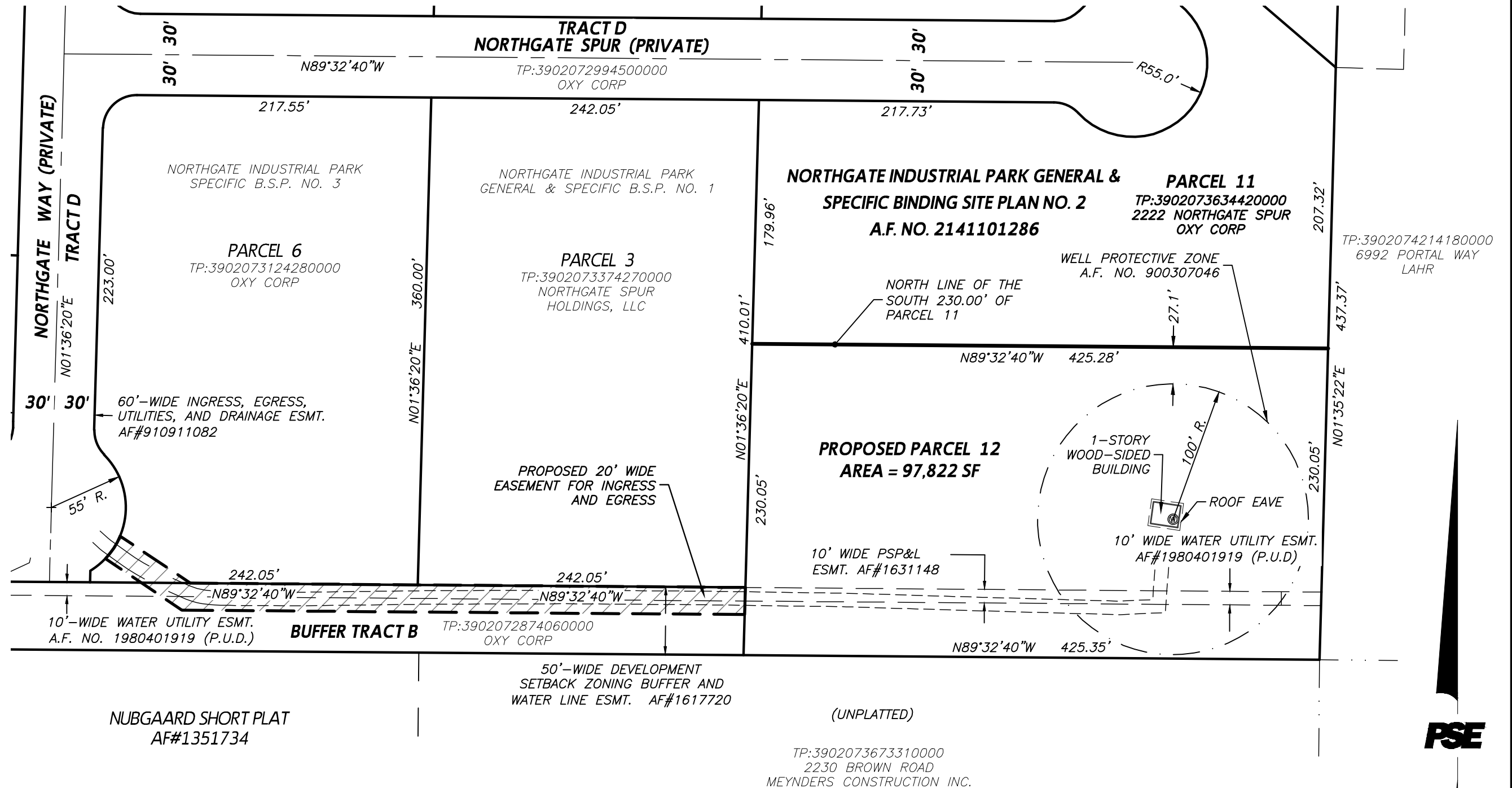
Date Signed: _____

**EXHIBIT A
LEGAL DESCRIPTION**

Legal Description

EXHIBIT "A"

SITUATE IN A PORTION OF THE NW 1/4 OF THE NE 1/4 OF SECTION 7,
TOWNSHIP 39 NORTH, RANGE 2 EAST, W.M., WHATCOM COUNTY, WASHINGTON



**EXHIBIT B
FORM OF STATUTORY WARRANTY DEED**

WHEN RECORDED RETURN TO:

STATUTORY WARRANTY DEED

Reference Number to Related Documents: N/A

GRANTOR: **Oxy Corp**, a Washington Corporation

GRANTEE: **Public Utility District No. 1 of Whatcom County**, a Washington Municipal Corporation

ABBREV. LEGAL DESCRIPTION:

ASSESSOR'S TAX ACCOUNT NUMBER:

Oxy Corp, a Washington Corporation ("**Grantor**"), for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, in hand paid, conveys and warrants to **Public Utility District No. 1 of Whatcom County**, a Washington Municipal Corporation ("**Grantee**"), all that certain real property situated in the County of Whatcom, State of Washington described in Exhibit A attached hereto.

This conveyance is subject to those liens, charges and encumbrances described in Exhibit B attached hereto.

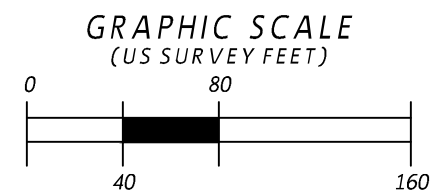
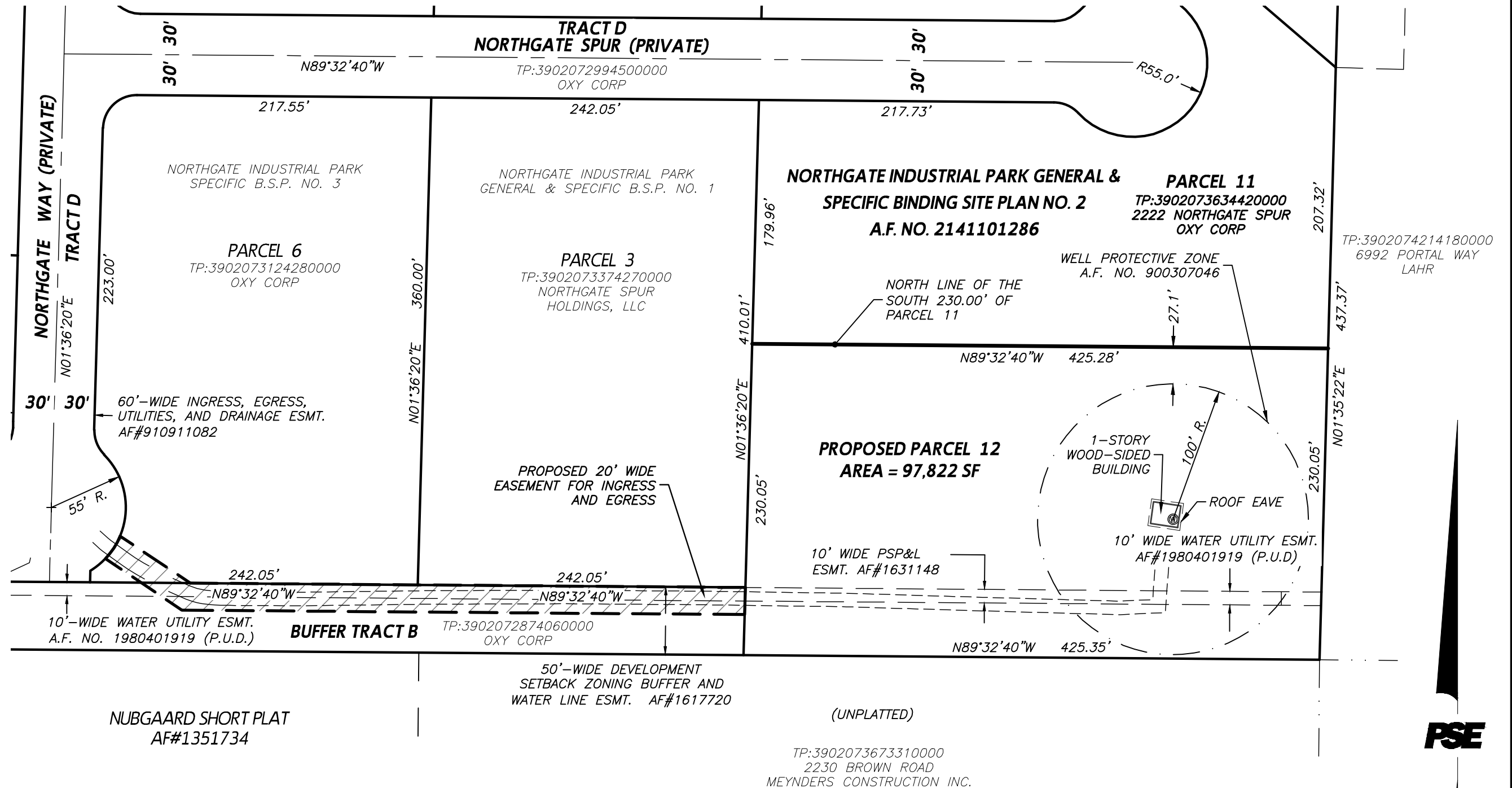
[Signature and notary acknowledgment follow]

**EXHIBIT A TO STATUTORY WARRANTY DEED
LEGAL DESCRIPTION**

**EXHIBIT B TO STATUTORY WARRANTY DEED
PERMITTED EXCEPTIONS**

EXHIBIT

SITUATE IN A PORTION OF THE NW 1/4 OF THE NE 1/4 OF SECTION 7,
TOWNSHIP 39 NORTH, RANGE 2 EAST, W.M., WHATCOM COUNTY, WASHINGTON



RESOLUTION NO. 877

**RESOLUTION BY THE BOARD OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY (DISTRICT)
CORRECTING AND SUPERSEDING RESOLUTION NO. 872**

WHEREAS, on February 25th, 2025 the Commissioners of Public Utility District No. 1 of Whatcom County passed Resolution No. 872 Authorizing the Cancellation of Warrant No. 01251447; and

WHEREAS, it has been discovered that the title and body of Resolution No. 872 does not correctly represent the information included in Exhibit A in the resolution and thus Resolution No. 872 needs to be superseded; and

WHEREAS, the corrected resolution should read as follows:

**RESOLUTION BY THE BOARD OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY (DISTRICT)
AUTHORIZING THE CANCELLATION
OF WARRANTS NO. 01251409 & 01251721**

WHEREAS, the warrants referenced in Exhibit A (the “Warrants”) were issued to pay multiple invoices from Consor; and

WHEREAS, following the Commission’s authorization of the issuance of the Warrants, the County’s Administrative Services Department (“County”) printed the original Warrants on January 28, 2025 and February 4, 2025; however, there was an issue with Consor’s check deposit scanner Consor was not able to read and deposit the warrants. The District notified the County that the Warrant were unreadable and has asked the County to cancel and disregard the Warrants as Whatcom PUD is setting the payment up for ACH and;

WHEREAS, the County has provided the Warrants that were issued on January 28, 2025 and February 4, 2025, were not readable, the Warrants having not been tendered to Consor, the District does now wish to cancel the Warrants, as provided by law; and

NOW THEREFORE BE IT RESOLVED that the district hereby cancels the warrants listed in Exhibit A.

**Exhibit A
Cancellation of Warrants**

Warrant No.	Warrant Date	Vendor	Amount
01251409	01/28/2025	Consor North America Inc	(239,936.75)
01251721	02/04/2025	Consor North America Inc	(24,027.20)

NOW THEREFORE BE IT RESOLVED that the District hereby approves the corrections to the resolution as written above and supersession of Resolution No. 872 by Resolution No. 877.

ADOPTED by the Commission of Public Utility District No.1 of Whatcom County at its regular meeting held on the 22nd day of April, 2025.

**PUBLIC UTILITY DISTRICT NO.1
OF WHATCOM COUNTY**

Jaime Arnett, Commissioner

Atul Deshmane, Commissioner

Eddy Ury, Commissioner